

Rivada's Ganley calls on FirstNet to share revenues with states, provide free service to public safety

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CHICAGO— [FirstNet](#) should change its legal stance to allow state to share surplus revenues and provide public safety with a free-service package to make the nationwide public-safety broadband network (NPSBN) successful, Rivada Networks co-CEO Declan Ganley said during a public session this week.

Rivada Networks is leading the Rivada Mercury bidding team, one of the groups vying for the right to build and maintain the FirstNet NPSBN for the next 25 years. But Ganley said the FirstNet legal interpretation that prohibits states from keeping surplus revenues generated by the FirstNet system is incorrect.

"There is a view that has been put out there—and, obviously, people feel very strongly about that view—that the states should not be entitled to any share of the surplus revenues being generated in those states," Ganley said during a [session that can be viewed here](#) . "And, there is another view—it's the view that we have and that I know many states have—which is that ... as long as the revenue is invested in the public-safety broadband network in that state.

"The states are essential and central to serving public safety in this network, and their ability to make decisions—hand in hand with FirstNet—to reinvest dollars into the public-safety broadband networks in these states is an issue and needs to be resolved. I know that we and FirstNet—and this is known or has been talked about between the lines—have a difference of view on this issue."

FirstNet officials have stated that a fundamental principle of the organization's business model is that the contractor would surplus revenue generated in densely populated states and territories would be used to fund deployment of the network in sparsely populated states.

Speaking at [IWCE](#) 's Critical [LTE](#) Communications Forum, Ganley described the hot-button topic as an "elephant in the room." If FirstNet does not allow revenue sharing with the states,

multiple states could pursue the opt-out alternative, which could undermine the economics of the overall initiative for FirstNet's selected contractor.

"Whoever ends up winning FirstNet, is obviously going to want to make sure that all of the states are incentivized to want to move ahead and are enthusiastic about it—that they're not being cajoled or shepherded, but that they're enthusiastic and they want this to happen," Ganley said.

"The risk is that there is a sort of Pyrrhic victory, insofar as, yes, you end up winning something, but you already know that there are X number of states—and I'm not going to speculate up here how many it is—that are not going to go along with this or are going to be very difficult about this, because they want to have some part in revenue share."

Ganley said he does not believe that changing the revenue-sharing policy with states would require FirstNet to rebid the massive project.

If the Rivada Mercury bidding team is selected to be [FirstNet](#)'s nationwide contractor, Ganley said he would accept the legal position taken by FirstNet.

"I was in the Irish army years ago; I learned how to salute," he said. "We don't make the rules. But no award has been made yet, so this may be the last time you hear me speaking this liberally. If we win, and I am told, 'This is it. This is what we're going to do. You better shut up, Ganley, and stop saying that this was the intention of the legislation and everything else,' I'll shut up. I might be biting my bottom lip, but I'll shut up."

"But that's not going to make the problem go away. It's not going to change the mind of states, when they are looking at the intent and law of this legislation—it's not going to change it."

Ganley said that allowing states to keep a portion of excess revenue generated within its borders would not jeopardize the ability to fund the network deployment in less-populous states, citing California in a hypothetical example.

"I still think, in that scenario, there is a process with FirstNet and on the licensing of the spectrum that allows California to be a contributor. California ends up generating so much revenue that California ends up being a contributor anyway, and I think there's a negotiation to be had with any state that ... comes to the conclusion that they want to 'opt out' that they still get to contribute revenues, share revenues with FirstNet in a way that allows FirstNet to get the mission fulfilled.

"Opt out does not exclude FirstNet. If somebody opts out, it's not a rejection of FirstNet. It's a different approach. They're going to be interoperable ... They're still going to be part of the nationwide public-safety broadband network. If part of the motivation for opting out is over revenue, I think that there's a path to make sure that FirstNet and the nationwide public-safety mission still gets to benefit from revenue coming from opt-out states."

Ganley also said delivering free service to public safety is a central tenet of Rivada's philosophy. When asked whether providing free service could lead to harmful congestion on the network, Ganley acknowledged that "there have to be some constraints," outlining an offering to public-safety entities that provides free service for a certain amount of data throughout the entity but assesses charges for overage data consumed.

"A generous offering of free data to public safety ... I know it's what they wanted," Ganley said. "When [public-safety officials] fought for this thing—and you fought hard for it—it was one of the reasons that you did it, so that public safety got free service, so that public safety got the capacity and the coverage, and it was so that you got to maximize the value for that valuable asset.

"We want to make sure that we maximize the value, give that value back to public safety—in terms of free service, in terms of coverage, in terms of ruthless preemption, in terms of a user experience on that next that, for them, it feels like nobody else is there, and that allows it to maximize revenue, so that money can be plowed back into the public-safety communications mission."

Ganley expressed confidence that there would be enough revenue generated through the [First Net](#) initiative to pay for free service for public safety, rural deployments and allow states to keep a

share of surplus revenue—at least under the Rivada Mercury proposal, which features Rivada Networks' dynamic-spectrum-access wholesale broadband marketplace.

"I haven't seen the other guys' bids, but I can tell you that there is definitely enough money," Ganley said. "Not only is there enough money but—and I'm probably going very close to boundaries here—I can tell you that, ... by applying the open-access-market to this low-band spectrum—it's very valuable spectrum—if you apply the open-access-market model, which means that you're not limiting to one carrier being able to use it ...that competition for that resource is highly revenue-generative."

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